

Message Text

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ORIGIN NEA-12

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 AGR-20 DODE-00 PA-03 USIA-15 PRS-01

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

INFO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: EAGR, IN, UR

SUBJECT: SOVIET WHEAT LOAN TO INDIA

1. FYI FOLLOWING STORY ENTITLED "BUTZ DENIES U.S.
WHEAT RE-SHIPED BY SOVIETS" CARRIED "WASHINGTON POST"
OCT 6;

"AGRICULTURE SECRETARY EARL BUTZ YESTERDAY DENIED THAT
WHEAT SOVIET UNION IS SENDING TO INDIA AND OTHER
COUNTRIES COMES FROM MAMMOTH SHIPMENT PURCHASED LAST
YEAR FROM U.S.

"BUTZ ISSUED HIS PREPARED STATEMENT ABOUT TIME NUTRI-
TION EXPERT DR. JEAN MAYER WAS TELLING A SENATE HEARING
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U.S.-SOVIET DEAL MADE IT POSSIBLE FOR SOVIET

UNION TO SEND FOOD TO INDIA AND BANGLADESH, REAPING
GREAT CREDIT OUT OF A GENEROSITY HEAVILY SUBSIDIZED BY
U.S. TAXPAYER.

"MAYER SAID U.S. SHOULD CREATE GRAIN AUTHORITY TO BE BAR-
GAINING AGENT IN FUTURE DEALS.

"AGRICULTURE SECRETARY SAID HE ISSUED HIS PREPARED STATE-
MENT TO 'SET RECORD STRAIGHT' AFTER 'SEVERAL RUMORS...
CIRCULATED IN U.S. RECENTLY THAT THEY WERE DIVERTING OUR
GRAIN SHIPMENTS.'

"'ASST SEC OF AGRICULTURE CARROLL BRUNTHAVER HAS JUST
RETURNED FROM MOSCOW,' BUTZ' STATEMENT SAID. SAID
'RUSSIAN OFFICIALS ASSURED HIM NONE OF U.S. GRAIN THEY
BOUGHT IS BEING DIVERTED TO OTHER DESTINATIONS OUTSIDE
BLOC. THIS CONFIRMS OUR OWN CONCLUSIONS AFTER CHECKING
OUT RUMORS.'

"THE 2 MILLION TONS OF WHEAT SOVIET UNION HAS AGREED
TO LEND INDIA 'WILL BE THEIR OWN WHEAT,' BUTZ SAID; '...
SINCE THEY HAVE JUST HARVESTED A RECORD LARGE GRAIN CROP
OF THEIR OWN. SOME CANADIAN OR AUSTRALIAN WHEAT MAY ALSO
BE INCLUDED.'

"THE GAO SAID IN MARCH THAT AGRICULTURE DEPT SUBSI-
DIZED GRAIN SALE 'MUCH BEYOND WHAT APPEARED NECESSARY
OR DESIRABLE.'

"IT SAID WINNERS IN DEAL WERE BIG U.S. GRAIN EXPORTERS AND
SOVIET UNION, WHICH GOT AN ESTIMATED 440 MILLION BUSHELS
OF WHEAT AT 'WHAT TURNED OUT TO BE BARGAIN PRICES.'

"MAYER, CHAIRMAN OF 1970 WHITE HOUSE CONFERENCE ON FOOD,
NUTRITION AND HEALTH, SAID DEAL AMOUNTED TO 'NUTRITIONAL
YALTA' THAT HELPED PROMOTE STARVATION IN SOME PARTS OF
WORLD.

"RISING WORLD PRICES RESULTING FROM DEAL ARE 'AS RESPONSI-
BLE FOR FAMINES AS ARE NATURAL CONDITIONS WHICH AGGRAVATE
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SITUATION,' MAYER SAID.

"BRUNTHAVER TOLD NEWS CONFERENCE SOVIET COMMUNIST PARTY
CHIEF LEONID BREZHNEV TOLD TREASURY SEC GEORGE P. SHULTZ
IN MOSCOW LAST WEEK THAT RUSSIANS EXPECTED 'MASSIVE' WHEAT
CROP THIS YEAR." KISSINGER

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